16 Not-For-Profit Marketing

Learning Outcomes

After reading this chapter, you will be able to:

- Describe the key characteristics of not-for-profit organizations
- Explain why not-for-profit organizations do not always value their customers
- Analyse stakeholders and develop appropriate engagement strategies
- Describe and assess cause-related marketing campaigns
- Understand how marketing can be, and is being, used to achieve social and political change in society
- Explain how marketing is used to raise funds for charitable organizations

Case Insight 16.1

Founded in 1942, as the Oxfam Committee for Famine Relief, Oxfam opened one of the world's first charity shop chains in Oxford in 1948. But given major changes in the world since, particularly in relation to climate change and the advance of information and communication technologies, how has this world-renowned charity kept pace? We speak to Nick Futcher to find out more.

Nick Futcher for Oxfam

Oxfam GB is an independent development, relief, and campaigning organization that works with others to overcome poverty and suffering, employing around 1,070 people in the UK. When it launched its first shop, it attracted donations ranging from false teeth, and stuffed animals, to a houseboat! Today our shop network, stretching from the High Street to cyberspace, forms an integral part of Oxfam's Trading Division. Oxfam GB is part of Oxfam International, set up in 1995—a worldwide family of organizations sharing common values and working together for change and development. Oxfam GB's global programme works through eight regions worldwide, offering strategic funding, supporting long-term development programmes, delivering emergency relief in times of crisis and campaigning for a fairer world. Currently, Oxfam's primary organizational focus is combating climate change and mitigating its effects on the poorest people in the world.

Oxfam's fundraising helps overcome poverty and suffering throughout the world

Source: to come

Basic marketing techniques employed by Oxfam include TV and outdoor advertising, online advertising, mailings, and face-to-face recruitment. Such techniques have been developed and refined over time. Fundamentally, it pays to be innovative. Oxfam were the first to introduce regular giving with our £2 a month initiative, and started the first online charity 'shop' through a combination of auctions of donated goods in 1996.

Oxfam's supporters range from individuals, institutional donors, trusts and corporations, all the way through to community fundraising groups. There are a variety of individual supporter types that are all pivotal to Oxfam's work, such supporters include: regular donors, one-off donors, legacy leavers, fundraisers, campaigners, volunteers, those that donate goods, those that buy from Oxfam shops, and those that attend Oxfam events.

In developing our marketing activities, all our advertising must adhere to the rules and regulations set

▶ Case Insight 16.1

out by the Advertising Standards Agency (ASA) and the Fundraising Standards Board (FRSB), who oversee an independent and transparent scheme for fundraising. This is important because we aim to ensure public confidence in charitable giving is increased.

Oxfam, as a charity, uses marketing for a variety of overarching objectives. The first is to facilitate fundraising—the cornerstone of charitable organizations. This transmits into a variety of marketing strategies within different teams to promote how easy, fun, and ultimately rewarding, supporting Oxfam is. These can range from our events team producing targeted communications to advertise Oxjam, Oxfam's month-long music festival spread across venues all over the UK, to direct mailing for emergency cash appeals and development projects. Oxfam shops represent a more traditional and recognizable touchpoint for engaging supporters, and remain a key mechanism for our Trading Division to raise funds. Oxfam is also a campaigning organization, and marketing is a tool that allows us to inform people of upcoming activities and ways to get involved, such as petitioning and demonstrating, to raise awareness and help effect lasting change.

Our organizational priority for the short to medium term will remain mitigating the effects of climate change on the world's poorest people. However, the troubled economic climate of recent times has made planning for the future in marketing terms more difficult. Because giving to a charitable cause is largely dependent on engagement with the issues a charity works on, maintaining and consolidating existing support is vital, particularly in a difficult economic climate. However, research was indicating that Oxfam was becoming more distant in the minds of the UK public. Although people respected and trusted us (over 99% of the UK public knew who we are), they had a limited understanding of what we do and didn't feel close to us as a brand. There was considerable potential to improve knowledge and involvement of Oxfam's aims and values.

The key question was, how should we go about repositioning ourselves?

Introduction

Over the last 40 years, the role of marketing in not-for-profit organizations has grown substantially as these organizations have realized the value of marketing in developing a strong understanding of customers and other stakeholders. But have you ever wondered what would happen if a charity ever fully met its strategic objectives? Would it, and should it, cease to exist? Are the techniques and tools we use in commercial marketing equally relevant in a not-for-profit environment, where the remit is not to make shareholders rich? Is there any difference in how we use marketing techniques in a social environment, for example, when governments use marketing to reduce binge drinking among young people, or increase fruit and vegetable consumption to five or six portions a day, or increase voter registration? In this chapter, we seek to answer some of these questions and outline how marketing operates in not-for-profit environments.

Until now in the book, our attention has been centred on commercial organizations, those intent on making profits. However, there are many other organizations that operate in what is referred to as the not-for-profit sector. Kotler and Levy (1969) were the first marketing academics to realize the potential of broadening the application of marketing to not-for-profit

enterprises, a suggestion which was ground-breaking at the time. So, for example, marketing is now readily used by local government, churches, museums, charities, universities, political parties, zoos, and public hospitals, all of which operate without profit as their central goal.

Despite the similarities between not-for-profit and commercial marketing highlighted by Kotler and Levy, there are some key differences in how marketing is used in the not-for-profit and for-profit environments, particularly in relation to marketing communications. Rothschild (1979) indicates that these key differences include the following:

- Product—with not-for profit 'products', there is typically a weaker unique selling proposition, i.e. weaker direct benefits making it more difficult to direct customer or target audience behaviour in the way desired. For example, giving to charity provides us with a sense of 'doing good' but this feeling may not be sufficient to induce many people to give.
- Price—this important component of the marketing mix has different connotations in not-for-profit situations. For example, in a political marketing context, what is the price when marketing a political party? Is it the effort needed to go out and vote, or the economic costs of voting for one party versus another? In relation to charities, the amount donated is often left to the discretion of the donor and is in fact largely determined by the donor, rather than being specified by the seller as in a commercial transaction.
- Involvement—whereas we speak of high and low involvement in commercial situations in relation to the extent to which consumers become involved with a product or service in order to learn more about it during the purchasing process, the involvement in non-business situations displays more extreme tendencies. People often either really engage with a charity or political party or cause, for example, or show strong reactions against them.
- Segmentation—in the not-for-profit environment, it may be necessary to develop a campaign to drive behaviour in all targets rather than a specific audience, as in commercial markets. For example, a road safety campaign might seek to encourage all adults, rather than a specific audience, to drive at the speed limit. Nevertheless, there may well be a sub-group that needs a specific targeted message, for example, young male drivers who may persistently break the speed limit. But the point is that the general message is applicable to all.

Another key difference in the strategic marketing of not-for-profit organizations is the need to continually check the marketing strategy against the environment, available resources, and the organization's values (Hatten, 1982). In the latter case, the values of the organization have an impact not only on why the organization exists but also how it goes about its marketing activities, including fundraising, promotional programmes, and operational programme developments. Table 16.1 outlines the mission statements for a variety of national and international not-for-profit organizations.

For commercial organizations, the mission statement usually revolves around being the best in a particular marketplace and consequently achieving high levels of profit as a result. In the not-for-profit sector, mission statements revolve instead around causes. The raison d'être of a charity is to solve a particular societal problem, in effect, to extinguish the need for its own existence. Of course in truth, if a charity did indeed help to remove the problem it was designed to create (e.g. a tuberculosis charity ceasing to operate because there were no more cases of tuberculosis in the world), it would simply amend its mission. Like any other organization, a charity interacts with its environment and must stay relevant within the context that it operates in order to attract funding.

Research Insight 16.1

To take your learning further, you might wish to read this influential paper.

Kotler, P. and Levy, S.J. (1969), 'Broadening the concept of marketing', *Journal of Marketing*, 33, 1 (January), 10–15.

In this seminal article, the authors proposed that marketing techniques and concepts, as typified by the 4Ps, could be applied to non-business organizations and therefore could be applied to the marketing of organizations, persons, and ideas. It provoked a considerable debate at the time with some writers suggesting that the concept of marketing had been broadened too far.

Visit the **Online Resource Centre** to read the abstract and access the full paper.

Table 16.1 A selection of mission statements from not-for-profit organizations

Organization	Mission statement
WWF—World Wildlife Fund (International)	To stop the degradation of our planet's natural environment, and build a future in which humans live in harmony with nature
International Committee of the Red Cross—ICRC (International)	To protect the lives and dignity of victims of war and internal violence and to provide them with assistance. It directs and coordinates the international relief activities conducted by the Movement in situations of conflict. It also endeavours to prevent suffering by promoting and strengthening humanitarian law and universal humanitarian principles
The Democratic Party (USA)	To keep our nation safe and expand opportunity for every American. That commitment is reflected in an agenda that emphasizes the strong economic growth, affordable healthcare for all Americans, retirement security, open, honest, and accountable government, and securing our nation while protecting our civil rights and liberties
China Charity Federation (China)	To deliver much needed assistance at the scene of natural disasters To equip the handicapped to better cope with their limitations To care for orphans and the aged that would otherwise be neglected To provide medical equipment and supplies to relieve and prevent illness To aid education so that everyone can be well educated To generally alleviate suffering and helping people to help themselves

Table 16.1 (continued)

Organization	Mission statement
The Big Issue (United Kingdom)	To offer homeless and vulnerably housed people the opportunity to earn a legitimate income by selling a magazine to the general public. We believe in offering 'a hand up, not a hand out' and in enabling individuals to take control of their lives
Great Ormond Street Hospital (GOSH) charity (United Kingdom)	To enable Great Ormond Street Hospital to provide world class care for its young patients and their families and to pioneer new treatments and cures for childhood illness by: ▶ contributing to the rebuilding and refurbishment of the hospital ▶ funding the most up-to-date equipment ▶ supporting research into, and development of, breakthrough treatments ▶ providing accommodation and other support services for children and their families

Source: Organizations' websites.

Key Characteristics of Not-for-Profit Organizations

The key characteristics that impact on marketing include: the presence of multiple stakeholders, transparency in the organization's mission and finances, the presence of multiple objectives in business and social terms, a different orientation compared with commercial organizations, and, finally, different customer perceptions (see Figure 16.1). We consider each of these characteristics in more detail below.

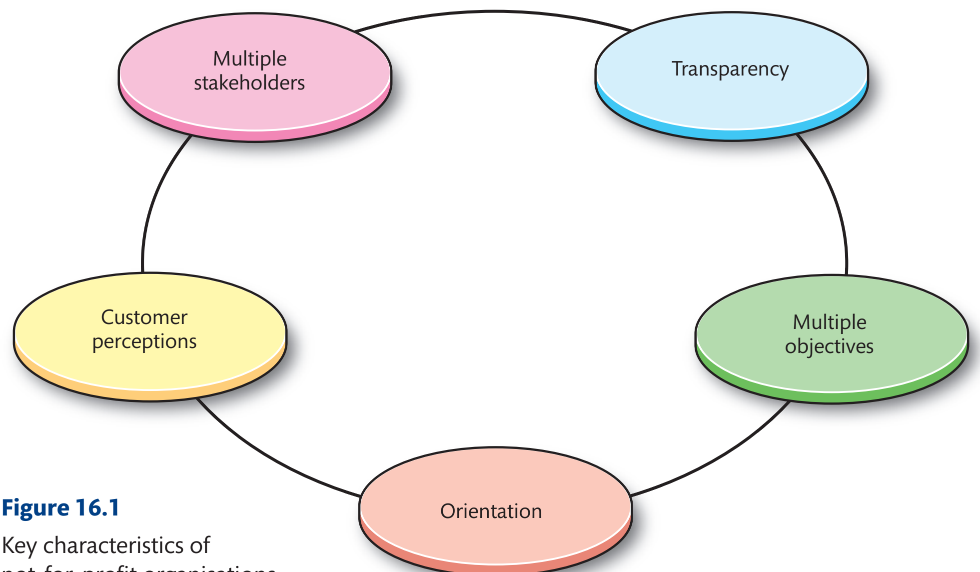

Figure 16.1
Key characteristics of not-for-profit organisations

Multiple Stakeholders

Although profit or private sector organizations need to interact with a range of stakeholders to achieve their business goals, their focus is on target market customers and shareholders. What is different about not-for-profit organizations, as the above mission statements indicate, is that they are concerned with a wider group of interested parties, which we term stakeholders. **Stakeholders** are those groups with whom the organization has a relationship, and which impact on the operations of the organization, including shareholders (or trustees), regulatory bodies, other charity or not-for-profit partners, supply chain partners, employees, and customers. In private companies, revenue is distributed from customers to shareholders, initially converted into profits by the organization, and shareholders are rewarded with a dividend, as a share of the profits earned. Companies have stakeholders also, but those stakeholders are less likely to have an influence on how the organization's profits are distributed.

Not-for-profit organizations also provide products and services but their customers or users do not always pay the full costs incurred by the organization to provide them. Many not-for-profit organizations rely on a range of stakeholders to provide the finance to support the organization. Instead of revenue from customers being used to reward shareholders, there are often no profits to be redistributed as those who help fund the organization do not require a return on their resource provision. For example, central government, local council taxpayers, lottery funding for special projects, and business rate taxes, to name but four sources of income, fund city councils in the UK. Charities are supported by individual and corporate donations. Museums may rely on a mixture of grants, lottery allocations, entrance fees, and individual donations and bequests. Zoos may also rely on a mixture of grants, entrance fees, and individual donations.

Because they serve a range of stakeholders, not-for-profit organizations do not always value their beneficiary customers (i.e. those who receive their charitable services) perhaps as much as they should, and they sometimes do not explain sufficiently to donors (i.e. supporter customers) how those donations are being used. The difficulties that arise in trying to satisfy multiple stakeholder groups are outlined in Table 16.2, which considers beneficiary and supporter customers and explains why charities do not always satisfy, and sometimes undervalue, these groups of customers (see Bruce, 1995).

It is important for not-for-profit organizations to determine which among different stakeholders have the most interest in their activities and the most power to affect their organization's performance. A common method used to distinguish between the interests and power of stakeholders is the stakeholder mapping matrix, outlined in Figure 16.2.

The matrix can be used to identify four types of stakeholder, based on high/low levels of interest that they have in an organization and the level of power they exert over it. Those with high levels of interest and power, group A, are key stakeholders that need to be continuously engaged. They might be funding bodies or powerful regulators, for example. Those with high interest but low levels of power, group B, for example, individual donors to charities, should be informed about that charity's activities in order to maintain their interest. Group C represent those organizations with high power but low interest. For the not-for-profit, it is important to either increase information flow to these organizations to increase their interest so that they can exert their power in the not-for-profit's favour (as a funding body might), or alternatively keep them satisfied if they intend to exert their power against the not-for-profit (as a regulator might, for instance). Finally, an organization's relationships with those stakeholders who have little power or interest should either be disregarded or revived.

Table 16.2 Why not-for-profit organizations do not always seem to value their customers

Reasons for not valuing beneficiaries	Reasons for not valuing supporters	Interactive reasons for undervaluing customers
Many not-for-profits exist in a monopolistic situation, which potentially creates an arrogant culture towards beneficiaries	Donors claim to be approached too often for donations and do not feel sufficiently appreciated	Dealing with multiple stakeholders can cause intergroup tension as one group's call on resources takes precedence over others. For example, a high-value donor for a university might want his donation to be used in a way that is different from the management of the university
Demand far outstrips supply creating problems in delivering a consistent quality of service	Volunteer service workers can often feel undervalued and undersupported	
Lack of market segmentation for beneficiaries undertaken		
Research into beneficiary customers' needs is not common because funds available are seen as better used for funding operations		

go online

Visit the **Online Resource Centre** and complete Internet Activity 16.2 to learn more about the stakeholders that are relevant to not-for-profit organizations and how to create a stakeholder mapping matrix.

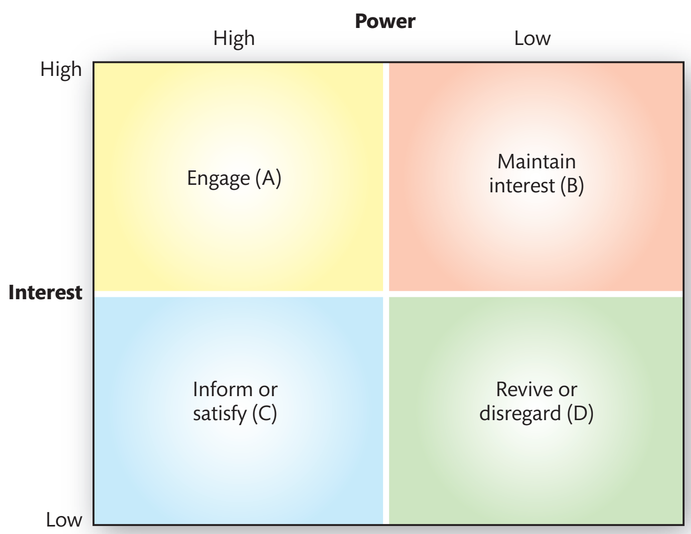

Figure 16.2
The stakeholder power/interest
Source: Adapted from Scholes (2001).

Market Insight 16.1

How The 'Gu' Saved Bilbao

Until 1997, Bilbao had been a decaying former steel and shipbuilding city, the capital of the Basque country in Spain, with little prospect of improvement, and an unemployment rate of 25%. When city planners decided they needed to revive the city, they came up with a brave plan. Why not build an art gallery? But what kind of art gallery and how would it succeed in regenerating the area? If it really was to revitalize the area, it had to have a strong architectural presence, be a spectacular tourist attraction in its own right, and house attractive art collections, which would bring leisure and tourist customers. Tourism can provide a powerful motor for economic investment. Spain had seen this before when the Mayor of Torremolinos transformed the city from a small seaside town into a leisure metropolis complete with skyscrapers in the 1960s, through a unified combination of city planning, tourism, and private investment.

If an art gallery was to be the key draw in Bilbao, what kind of art gallery would it be and who might partner with the Basque government to develop the concept? Then city officials had a brainwave. Why not ask the Solomon R Guggenheim Foundation if they were interested in developing a museum in Bilbao? After all, the Guggenheim Foundation had developed the Peggy Guggenheim Collection in Venice. The Foundation's Board of Trustees received the proposal

The Guggenheim Bilbao Museum's unusual and arresting design

Source: © FMGB Guggenheim Bilbao Museoa, Photo: Erika Ede (2010).

Market Insight 16.1 (continued)

warmly, not least because they had developed a long-term plan to develop Guggenheim museums in a number of international locations. In 1991, after long negotiations, the Basque Government Minister for Culture, the Deputy General of the Provincial Council of Bizkaia, and a member of the board of trustees of the Solomon R Guggenheim Foundation signed the Development and Programming Services Agreement for the Guggenheim Museum Bilbao. Nearly, six years later, the museum finally opened its doors to visitors, becoming an instant overnight sensation. Within a year, it had received 1.3m visitors.

The mission of the Guggenheim Museum Bilbao is 'to collect, conserve, and study modern and contemporary art, to exhibit the art of our times from a variety of perspectives in the context of art history, and to reach a broad and diverse audience. As one of the cornerstones of the Guggenheim Museum Network, and a symbol of the Basque Country's vitality, we hope to promote an understanding, appreciation, and enjoyment of art and its values in an iconic architectural setting'. From the mission statement, it is easy to see the importance of the museum in maintaining the Basque country's cultural heritage.

In 1997, the Deutsche Guggenheim opened in Berlin, to complete the Guggenheims in New York, Venice, and Bilbao. To celebrate contemporary Middle Eastern art, the Foundation is planning the new Guggenheim Museum, Abu Dhabi, to be located in the cultural district of Saadiyat Island, Abu Dhabi, United Arab Emirates. As China and India develop their tourist markets, perhaps it's only a matter of time before a Guggenheim Museum is located there too.

Sources: Marling (2003); www.guggenheim-bilbao.es; www.guggenheim.org/abu-dhabi.

1. **Who do you think were the key stakeholders in the process of developing the Guggenheim Museum Bilbao?**
2. **Who do you think the key stakeholders are now in developing the audiences for the collections that are shown to attract the visitors?**
3. **What are the risks in marketing terms in opening new Guggenheim Museums in different parts of the world?**

Transparency

The use of public money and donations in not-for-profit organizations requires that their source and allocation be easily understood, audited, and tracked. Such public scrutiny or transparency of funding is a feature that distinguishes these organizations from their private sector counterparts. In order for donations to continue to flow, not-for-profit organizations must be able to demonstrate trust, integrity, and honesty. In the case of charities, for example in the UK, they are governed by a different set of regulatory requirements, which require them to provide considerably greater information on how they are governed compared with their commercial counterparts. Charities' executive teams tend to be overseen by boards of trustees; often unpaid volunteers who are senior and experienced people who have some interest in the running of the organization. In parallel, the executive teams of private or public limited companies are overseen by paid executive and non-executive directors respectively.

Private sector organizations very often declare the minimum financial information required; just enough to comply with customs and excise requirements. Sometimes not-for-profit organizations overcompensate, providing considerable details of their internal procedures and

processes. This is because they do not want to be judged as financially incompetent, and they want to avoid adverse media coverage and the negative perceptions that can follow. However, a serious outcome might be that future funding streams are curtailed or even terminated because a charity is seen to have sufficient funds to cover its activities. Equally, providing detailed outlines of organizational structures and plans can also provide competitors with valuable competitive intelligence, which could be detrimental to the organization. (See Chapter 4 for more on competitive intelligence).

Multiple Objectives

In the manufacturing, and other sectors, profit is a central overriding goal. Investment decisions are often based on the likely rate of return and resources are allocated according to the contribution (to profit) they will make. Profit provides a relatively easy measure of success. As the name would suggest, in the not-for-profit sector, profit is not the central overriding goal. Not-for-profit organizations have a range of goals, a multiple set of tasks that they seek to achieve. These include generating awareness, motivating people to be volunteers, distributing information, contacting customers, raising funds, allocating grants, and **lobbying** members of parliament for a change in regulations or legislation. Other goals include increasing their geographical spread to reach new people who might benefit from the organization's activities and campaigning to get media attention about a particular issue. In the non-profit sector performance measurement is more challenging, simply because there is the use of a wider set of objectives.

Orientation

Rather than manufacturing, distributing, and selling a physical product, as a general rule, organizations in the not-for-profit sector are oriented to delivering a service. Developing a market orientation (see Chapter 1) is important for a not-for-profit, because the stronger the market orientation, the stronger the organization's market performance, particularly for smaller charities (Seymour, Gilbert, and Kolsaker, 2006). How the not-for-profit raises its funding has an impact on the organization's market orientation. In a study of Portuguese not-for-profits, those organizations relying on private funding, as opposed to state funding, were found to be more market-oriented (Macedo and Pinho, 2006) and therefore more likely to be successful in fundraising.

Not-for-profit organizations need to create positive awareness about the organization's cause or activities. The principal focus of the organization is therefore to motivate and encourage people to become involved and identify with the aims of the organization, which may then lead to either financial contributions and/or volunteering support (e.g. by working in a charity's shop, or by contributing financial, marketing, or other professional services expertise).

In the not-for-profit sector, raising funds is an ongoing critical activity. The payment handed over by a customer to a charity does not operate in the same way that a customer might pay for a banking service at the point of receiving the service. Raising funds for a charity requires people or donors to contribute money, so the expectations of not-for-profit customers are different from those of commercial firms. This leads to a greater focus on engaging supporters to become part of, and identify with, the ethos of the not-for-profit organization rather than simply being a customer.

Customers' Perceptions

Customers of private sector organizations realize that in exchange for products (and services) they are contributing to the profits of the organization they are dealing with. Customers have a choice and organizations compete to get their attention and money. In the not-for-profit sector, customers do not always have a choice. Donors are free to give to one charity rather than another or not to give anything at all. In the public sector, choice is often limited, although governments do try to provide some choice (e.g. in school provision). In reality, however, there is little practical opportunity for the public to choose among different public services in the same way that there is the private sector. Services, for example, provided by local councils such as dinner services (called meals-on-wheels) for the elderly and infirm, magistrate's courts, or building regulations and planning are effectively single source; there is no choice or alternative supplier. In these cases, pressure to deliver a superior level of service interaction can often be based on an individual's own sense of duty and integrity rather than any formal organizational service policy and training.

go online

Visit the **Online Resource Centre** and follow the weblink to the National Council of Non-profit Associations (NCNA) to learn more about the challenges and developments facing non-profit organizations.

Types of Not-for-Profit Organization

We can classify four main types of not-for-profit organizations, including 1) charities, 2) the newly emerging **social enterprise** sector, 3) the public sector, and 4) political parties and campaigning organizations. How marketing is used in each of these organizations is considered further below.

Charities

The increasing success experienced by many charities has resulted partly from improved commercial professionalism and the adoption of many ideas from the private sector, together with greater collaboration with the private sector through **cause-related marketing** activities. However, there has also been a simultaneous increase in the number of charities in the marketplace. This means that there is greater competition as more charities chase a finite number of donor contributions.

The act of making a donation to a charitable organization is the culmination of a decision-making process involving a wide range of variables. Attitude to the cause, personal involvement or related experience, and trust in the charity to use the funds appropriately are critical to encouraging donations to be made. Consequently, charities seek to develop empathy with potential donors and build trust from which an initial transaction or donation can be made. The acquisition of a new donor is relatively expensive compared to the low costs associated with collection of monthly standing orders and direct debits. Costs are minimized when repeat donations occur, so charities, just like private sector organizations, try to practise relationship marketing principles (see Chapter 15).

The process of giving to a charitable cause is often based on a strong emotional involvement with the objectives of the charity. This means that charities try to communicate through

messages that invoke an emotional response in their target donors. A powerful example of a British charity that has used an emotional appeal in its fundraising to good effect is the National Society for the Prevention of Cruelty to Children (NSPCC). Its Full Stop! Campaign launched in 1999 to stop cruelty to children, had the objective of bringing in £250m of donations; an objective the organization achieved in just eight years. Charities need to provide people with a rationale, a reason to give money, and this can also be achieved through the provision of factual information and relevant background information.

Charities are also trying to raise funds by working in partnerships with commercial organizations in cause-related marketing campaigns. According to Kotler (2000), companies will increasingly differentiate themselves by sponsoring popular social causes in a bid to win the public's favour. Such an approach, known as cause-related marketing, is generally recognized to be a useful way to build a positive brand image for the private companies as it builds not only customer loyalty, but also employee respect. From the partnership, the charity gains vital income streams.

Business in the Community, a UK membership organization for responsible businesses, defines **cause-related marketing** as: 'a commercial activity in which companies and non-profit organizations form an alliance to market an image, product or service for mutual benefit. In an era of increasing competition and heightened public scrutiny of corporate activities, cause-related marketing can provide the means to use the power of the brand to publicly demonstrate a company's commitment to addressing key social issues through providing resources and funding whilst addressing business marketing objectives' (BITC, 2009). This type of campaign frequently associates a company's sales of products/services with the mission or campaign of a not-for-profit organization and includes a promise to make a donation for each product/service bought. Cooperation between the two organizations, however, can take many forms. Traditionally, these schemes are based on sales promotions whereby a donation to the charity is made as a percentage of sales. This is an increasingly attractive proposition for organizations as several reports have found that a very large proportion of consumers (85% +) agree that when price and quality are equal, they are more likely to buy a product associated with a 'cause' or good deed. Companies are, therefore, likely to increasingly differentiate themselves by coopting social causes (Kotler, 2000). Other relationships, for example the one between Microsoft and NSPCC (the British children's charity), are based on the company providing financial support and technical knowledge. The former uses the relationship to fulfil some of its corporate social responsibility (CSR) goals and to help develop softer, more caring perceptions (of Microsoft). NSPCC gets financial support to help with its increased level of marketing communications. (See Chapter 19 for more on CSR.)

In numerous markets including Britain, Ireland, and Poland, supermarket retailer Tesco has run an initiative called Tesco for schools and clubs where customers save vouchers that can be redeemed for computers for their local schools. The scheme worked on the basis that during the ten-week promotional period each year, customers received one voucher to donate to a school or club of their choice for every £10 spent in a Tesco store. Schools or clubs then collected these vouchers to redeem them for computers and other equipment from a catalogue. The scheme rewarded Tesco in many ways, including increased customer loyalty, stronger community relationships, new shoppers were attracted into their stores, and it also helped to ensure the computer literacy of school leavers and potential employees. Walkers Crisps have also targeted schools, by running a Books for Schools initiative, helping to improve computer and reading literacy, respectively, with around 98% of schools participating (Adkins, 2000).

Another good example of a global cause-related marketing campaign is the Mont Blanc Unicef 'Signature for Good' campaign, where the German luxury goods maker donated 10% of the retail price of every Meisterstück special edition pen sold between June 2009 and May 2010 to Unicef. Mont Blanc guaranteed a minimum US$1.5m donation to support the global children's charity's literacy projects. The campaign also featured 12 beautiful female film and TV stars, including Eva Longoria, Sienna Miller, and Andie MacDowell, who agreed to act as ambassadors. In addition, they also agreed to having a series of iconic portrait photographs taken and sold off at auction, with the proceeds going to Unicef.

The Tesco for Schools and Clubs initiative helps to build stronger relationships within the community

Cause-related marketing can affect consumers' overall attitude toward the sponsoring company or brand. It can also affect consumer's cognitive knowledge of the brand (i.e. what they know). Cause-related marketing campaigns tend to be more effective when they are used over a longer period of time and when there is a strong fit between the brand and the cause (Till and Nowak, 2000). The perceived fit between the company and the cause is important to the effectiveness of the campaign. Nevertheless, there are risks to the not-for-profit organization. According to Gifford (1999), the charitable organization's most important asset is its name and as cause-related marketing is a business transaction, it is subject to contract, and so there

is a risk that the charity will suffer reputational damage. To reduce the risk, charities should not sell their association at less than that association is really worth. They should also obtain the fee up front, and control all uses of their name (Gifford, 1999).

The socially responsible company has now become the model for major corporations because of concerns about the impacts of globalization and poor corporate governance, e.g. BCCI—Bank of Credit and Commerce International—in the UK, and Enron and WorldCom in the USA at the beginning of the 2000s, and the impact of the **credit crunch** in the late 2000s. There is an increased awareness of the reputational damage that can occur when companies do not act responsibly.

▶ Research Insight 16.2

To take your learning further, you might wish to read this influential paper.

Varadarajan, P.R., and Menon, A. (1988), 'Cause-related marketing: a coalignment of marketing strategy and corporate philanthropy', *Journal of Marketing*, 52, 3 (July), 58–74.

The authors of this article detailed programmes undertaken by organizations that mixed corporate philanthropic objectives with marketing strategy, sparking decades of discussion around whether or not business should work with charities or leave charity to charities, and how to measure the effectiveness of cause-related marketing programmes. The article outlines how cause-related marketing can be conducted at the strategic, quasi-strategic, and tactical levels within a company and warns of the differences between cause-related and cause-exploitative marketing.

Visit the **Online Resource Centre** to read the abstract and access the full paper.

Social Enterprises

A new form of organization has emerged in recent years, one with format and purpose that has captured the imagination of many different people, including people in commercial business, people working in the social sector, volunteers, academics, and leading political parties. In the UK, the government considers a **social enterprise** to be one that: 'is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners'. Social enterprises blend social objectives with commercial reality. There is a drive to make a profit, but any surplus is reinvested into the enterprise and not redistributed as a reward to owners. Fairtrade schemes, the Eden Project, Welsh Water (Glas Cymru), Cafédirect, Jamie Oliver's Fifteen, the Co-operative Group, charities such as Age Concern and Shelter, plus various organizations in transport, childcare, many recycling companies, and even farmers' markets are all examples of social enterprise organizations.

Social enterprises are not restricted in format. The sector is very diverse and includes public limited companies (PLCs), community enterprises, cooperatives, housing associations, charities, and leisure and development trusts, among others. All of these can adopt social enterprise values.

Public Sector

The term public sector covers a very wide range of activities based around the provision of local and central government services, and services provided by government agencies. These services are essentially concerned with satisfying social needs, and, in doing so, are designed to benefit society as a whole. The public sector in many countries has grown on the back of the ideas embedded within the welfare state, although many countries have privatized their telecommunication, water, gas, and electricity provision. Now the different types of services provided are founded on the principle of improving the social context in which individuals and groups live their lives. The services seek to provide social equity.

Public sector organizations operate in industrial, governmental, consumer, and societal markets, and their marketing activities are very much driven by a complex web of stakeholder relationships. Marketing in the public sector is governed by three main forces: 1) social, 2) economic, and 3) political. The interaction of these forces within an increasingly uncertain and unstable environment makes the provision of customer choice of service problematic, although not impossible.

Internal marketing is crucial in these organizations, although at times rather unsophisticated in comparison with private sector counterparts. Rather than refer to buyers and sellers, the public sector approach is often based more on official terms such as providers and users, where resources and not investment comprise the primary criterion, although this approach is changing. One distinguishing characteristic of the public sector concerns the political tensions that arise between the various stakeholder groups. For example, the conflict between central and local government is crucial and perceptions of who is responsible for taxation, and why tax rates rise faster than inflation, reflect the power imbalance between the participants. (See Market Insight 16.2 for an example of how different stakeholders were brought together to improve the service the Drivers' Vehicle Licensing Agency in the UK offered to its customers.)

▶ Market Insight 16.2

DVLA: When Customer Service Needn't Be Taxing

The Drivers' Vehicle Licensing Agency (DVLA) is an executive agency of the UK Department for Transport. The agency has a major role in crime prevention and reduction through enforcement, prosecution, and intelligence gathering. Its customers include the general public, vehicle dealers, traders in personalized number plates, and vehicle importers, and its stakeholders include police forces, magistrates' and civil courts, and motor trade associations. In 2008, it licensed 34,390,302 motor vehicles and maintained a register of 43,450,575 full and provisional licence-holders. DVLA collected around £5.5bn in vehicle excise duty in 2008/09 (from tax disc provision), and £80m from selling private car registration plates, and, by 2009, employed 5,690 full-time equivalent staff, most based at its Swansea headquarters in Wales. During the same year, the agency handled 17m calls from customers, issued 8.6m new drivers' licences, 16.2m car registration certificates, handled 45m vehicle licensing (and off-road notification) transactions, and dealt with

▶ Market Insight 16.2

The UK Drivers' Vehicle Licensing Agency, based in Swansea, Wales

Source: Courtesy of DVLA.

over 42,000 police enquiries. What's more, DVLA managed to achieve 92.3% customer satisfaction for private motorists and 84.7% for commercial customers, increased customer take-up of electronic transaction channels to over 47%, as well as achieving 18 out of 18 customer service measures including:

- Delivering ordinary driving licences within ten days.
- Concluding simple medical investigations for driver licensing within 15 days.
- Delivering vehicle excise duty refunds within 30 days.
- Answering emails within three days and ensuring queuing time for 98% of customers takes no more than 15 minutes.
- Acknowledging a complaint within one day.
- Providing a substantive response to correspondence from members of parliament within seven working days.

But to achieve such high levels of customer orientation took a major business transformation project, not least because historically the DVLA had been official in the language it used, as many government services were, and had been more focused on meeting existing and forecasted growth demands than transforming its customer service and channel usage. To do that, DVLA selected IBM's Global Business Services division to develop systems to make car tax compliance easier for customers by shifting channel emphasis from post offices to online and automated telephone renewal. This required a sophisticated back office integration project combining databases from the Passport

▶ Market Insight 16.2 (continued)

Office (to provide digitized driver photographs and signatures), the Vehicle and Operator Standards Agency (which itself collected electronic MOT car safety test certificates from garages), the motor insurers' database, and the Department of Work and Pensions database of disabled drivers (who are not required to pay for vehicle relicensing). By pulling together the necessary information to allow the decision about whether or not to relicense a vehicle, the DVLA were then able to offer relicensing through its website, automated telephone call centre, the post office, and by postal application. The DVLA has achieved excellence in customer service standards by being awarded the Charter Mark Standard, the Customer Service Excellence Standard, and Investors in People status. Its challenge for the next few years ahead is to continue to improve customer service excellence, increase back office integration with other government departments (particularly to service Northern Ireland), and to maintain high customer service standards despite the economic downturn in the economy and the likely significant impact that will have on new vehicle registrations and agency revenues.

Sources: www.dft.gov.uk/dvla; DVLA (2009); Mouncey (2007).

1. **What differences do you think might exist between being a customer of a government agency like the DVLA and a car insurance company, for example, in terms of how customers are treated?**
2. **The economic downturn is likely to reduce revenues for the DVLA with an obvious impact on staffing costs. How do you think the DVLA might increase their efficiency by maintaining service standards at lower cost?**
3. **In your opinion, why don't more public sector organizations adopt such ambitious customer service standards?**

▶ Research Insight 16.3

To take your learning further, you might wish to read this influential paper.

Walsh, K. (1994), 'Marketing and public sector management', *European Journal of Marketing*, 28, 3, 63–71.

In this excellent article, the author examines the development of marketing in the public sector over the previous 20 years, arguing that if marketing is to be applied more to the public service, it needs to be adapted to the context of the public sector service in question, and, in particular, needs to take account of the political nature of the service.

Visit the **Online Resource Centre** to read the abstract and access the full paper.

But governments frequently also use marketing to bring about societal change. The idea that marketing techniques could be used in this way was first discussed by Kotler and Zaltman (1971). There is debate over the extent to which advertising, for example, can really change people's views and behaviour on social issues. For example, during the 1995 Divorce Referendum in Ireland, the Irish people narrowly voted for divorce (50.3%) to be made legal. Given that there was no precedent to overturn a referendum in Irish history, the 'No' lobby challenged the result in court arguing that the Irish government had behaved unconstitutionally by spending around 500,000 Irish Punts ($750,000) on advertising the referendum, and, in particular, supporting the 'Yes' campaign. The judge in the High Court case cast doubt on the idea that advertising could affect the way people voted on such an important issue but analysis by Harris, Lock, and O'Shaughnessy (1999) indicates that the advertising may indeed have had an effect on the result. In other words, advertising can change peoples' attitudes, even on important value-based issues such as on divorce and religion. Nevertheless, most social marketing campaigns are clear cut, designed to advance social causes to the benefit of a particular audience. Social marketing campaigns are typically, but not exclusively, run by public sector organizations. Some examples include:

- Government health departments encouraging healthy eating (i.e. the Danish six-a-day campaign to encourage people to eat more fruit and vegetables), exercising, cessation of smoking and other behaviours, or government departments of transport encouraging road safety (see Market Insight 16.3).
- The British Heart Foundation campaign to educate the general public around the symptoms of a person suffering a heart attack so that they can call for emergency services more quickly and provide the emergency operator with important information on the patient's condition.

go online

Visit the **Online Resource Centre** and follow the weblink to the Healthcare Communication and Marketing Association Inc. (HCMA) to learn more about marketing communications and healthcare service profession.

- The police or other emergency services using social marketing campaigns to reduce undesirable behaviours, either as an alternative to law enforcement or as a complement (e.g., the London Metropolitan Police unit, Trident, have used hard-hitting billboard and PR campaigns to get across the message that carrying guns can result in long prison sentences or death).

Market Insight 16.3

THINK! Scaring Some Sense into Drivers

Watch a mobile phone advert at the Think Media Centre: www.think.dft.gov.uk/think/mediacentre.

Imagine you are a marketing executive in a government transport department. How would you design a campaign to stop people from drink-driving, or from using their mobile while driving? The difficulty in designing a suitable message for the target audience arises from several concerns. People might know they are breaking the law, but they often

▶ Market Insight 16.3 (continued)

Stills from the Think! broadcast TV campaign (2009)
Source: Courtesy of Department for Transport of the UK (DfT).

think they won't get caught by the police, or are more in control than they really are (so an accident won't happen to them), or simply act habitually without thinking. And that's the point. THINK! is the road safety campaign created by the UK Department of Transport. Launched in 2000, the campaign aims to reduce in-car behaviours that contribute to road casualties and fatalities, including the use of mobile phones to speak or text while driving, driving when too tired, not wearing a seatbelt, driving after taking legal or illegal drugs, and anti-social driving such as tailgating. The campaigns use different tactics to engage the audience from softer, more positive messages to hard-hitting campaigns, which remind people of the consequences of their risky driving behaviour.

One advert based around the second-most important road safety issue, according to drivers, involves the use of a mobile phone while driving. The advert plays out a scenario in which a 'husband' is talking to his 'wife' (presumably) on his mobile while in his car driving home. She tells him that 'the kids are in bed, dinner's on', the scene is set for a perfect representation of family order, until we hear him crash, see the driving 'husband' hit the windscreen, see blood leak from his nose, and hear the 'wife' sob into the phone, desperately calling his name to get an answer. The narrator comments: 'You don't have to be in a car to cause a crash, think!, the moment you know they're driving, kill the conversation'. The advert aims at stopping drivers from using mobile phones while driving by reminding them of the consequences to themselves and their significant others (e.g. wives, children). But it also aims to stop significant others talking to their husbands or wives while they are driving. The hard-hitting message is, therefore, designed to make us Think!

Source: DfT (2009).

1. **Watch the advert. Do you think this advert will be effective? How is it effective?**
2. **Why do you think the campaign uses the fear appeal? Could another less hard-hitting approach have been used effectively?**
3. **Can you think of other adverts and products/ services where the fear appeal was used? How was it used?**

▶ Research Insight 16.4

To take your learning further, you might wish to read this influential paper.

Kotler, P. and Zaltman, G. (1971), 'Social marketing: an approach to planned social change', *Journal of Marketing*, 35, 3 (July), 3–12.

In this seminal article, the authors asked a question, which almost seems obvious now, but which no one had asked previously: can marketing concepts and techniques be effectively applied to the promotion of social objectives such as safe driving and family planning? It is worth noting that, previously, marketing thought had been preoccupied with the marketing of goods, and, in fact, it took another ten years before scholars even considered that services should be marketed differently (see Chapter 15), so this article was in advance of its time.

Visit the **Online Resource Centre** to read the abstract and access the full paper.

However, the application of marketing to encouraging societal change has ethical implications. Marketing does have the potential to improve mass communication, in terms of ensuring the receipt of the message and the positive processing of that message. However, some argue that 'a wholesale application of social marketing could release ethical and social problems of large dimensions', and that, as a result, public oversight bodies should be developed to regulate social marketing techniques (Laczniak, Lusch, and Murphy, 1979). One example of a campaign that caused public concern was when the US State Department, in the wake of the September 11 bombing, spent $5m purchasing airtime on Middle Eastern and Asian TV stations to broadcast a series of adverts designed to convince the Muslim world that America was not waging war on Islam in a campaign called the 'Shared Values Initiative'. In the end, the US State Department pulled the ads after serious criticism in the media, and Al Jazeera and other channels in certain countries refused to air the ads (Fullerton and Kendrick, 2006). The problem was that many people viewed the broadcasts as **propaganda** rather than advertising.

But when is social marketing propagandist? O'Shaughnessy (1996) has argued that social marketing and social propaganda are distinctly different, but admits they are related fields. Social marketing is usually based on a 'research defined concept of audience wants', whereas propaganda is one-way communication and evangelical (i.e. the propagandist is convinced of the message's own rightness). Propaganda also typically uses language aimed at uniting or instilling minority grievances.

However, that idea that marketing can also be used to counter negative social ideas, or grievances, has a long pedigree. Edward Bernays, the grandfather of the public relations industry and nephew of psychoanalyst, Sigmund Freud, wrote a far-sighted article for his time on how America should use marketing and public relations techniques to help people 'see' the true alternative between democracy and fascism, and democracy and Nazism during the Second World War (Bernays, 1942).

Political Parties and Campaigning Organizations

The of use of marketing by political parties and third-party interest groups has risen significantly over the course of the last 50 years since the development of TV and mass media broadcasting, particularly in America and Europe, and elsewhere in Africa and Asia. Scientific methods of assessing market and public opinion have transformed how political campaigns are run in modern times. In addition, charities and other campaigning organizations are increasingly using marketing techniques to influence legislation and public opinion and so use the techniques of political marketing. With the development of globalized industries, the interplay between marketing and politics has increased further and, so, marketing methods associated with political campaigning are increasingly used by companies to influence legislators and regulators (e.g. in the European Parliament, on Capitol Hill in Washington DC, and at World Trade talks). Regulators go on to influence the legislation associated with those commercial markets.

Marketing is used by political parties to bring about an exchange of political support (e.g. votes, petitions, donations, volunteering) for political influence (e.g. legislative change/ amendments). Political and electoral campaigns have existed for thousands of years, but the uptake of marketing techniques in these campaigns has increased with the advent of broadcasting, particularly since the TV became commonplace in people's households from the 1950s. Political marketing has been likened to a marketing–propaganda hybrid, mixing marketing and propaganda. This is particularly the case in America, where negative campaigning is rife (O'Shaughnessy, 1990), using 30-second and 15-second advertising spots to pour out malicious attacks on political opponents. A well-known example of such an advertising campaign is former US President, Lyndon B. Johnson's 'daisy spot' TV campaign against Barry Goldwater in the 1964 American Presidential, where a young girl picks leaves off a flower to a narrative of Goldwater's nuclear countdown. Broadcast TV adverts (known in America as 'spots') can be particularly emotive, and the image of the young girl creates mental associations around the future of our children and potential threat of nuclear Armageddon. This powerful image created fear in its audience and the audience automatically associated that fear with voting for the opposition candidate, Barry Goldwater. George Bush Senior also used a highly effective negative spot against Michael Dukakis showing him to be soft on sentencing criminals with a spot that talked graphically about how recent rapes and other vicious attacks were committed as a result of a policy of letting criminals out of jail early. The British Conservative Party also tried to use a similar approach against the Labour Party in the 1990s but the spot was controversial and unsuccessful.

Marketing is used by political parties in representative democracies to provide citizens and voters with information on current and potential political programmes for running the country. In the process, parties aim to improve social cohesion, democratic participation and citizen belongingness. Unfortunately, the recent use of political marketing in post-war democracies around the world also seems to have occurred in parallel with a decline in political participation. Whether or not there is a correlation is difficult to determine. What is clear is that citizens seem to be increasingly disengaged from political parties. Some argue that marketing has been overused, thereby damaging public trust; however, the truth is more likely to be that marketing techniques can be used to market a poor party or candidate just as much as they can be used to market an excellent party or candidate. In politics, it is difficult to determine which is which until the party comes into power. The disaffection and disappointment that citizens and voters then feel can fuel later disengagement. In that sense, politics is

a credence service (see Chapter 13). In many countries around the world, there are different legal requirements for political advertising compared with commercial advertising. In Britain, for example, political advertising regulations allow comparison of political parties and adverts must be 'decent' and in good 'taste', although it is more difficult to determine that a political advert must be truthful, as politics is often a matter of opinion and judgment. By contrast, advertising claims for commercial products must always adhere to the guidelines on taste, decency, and truthfulness (for more on the ethics of political advertising, see Chapter 19).

The political marketing 'product' could be said to include political representation. Considering political representation to be a political service provided to companies or voters gives us a better understanding of the political party's reason for existence in relation to its target markets. As marketing techniques, such as advertising and market research, are used increasingly in political campaigns (and have been since the 1930s in Britain) there is increasing use of strategic marketing techniques such as market positioning and market segmentation (see Chapter 6).

Most marketing campaigns for political campaigns (corporate or party political) have historically been undertaken (in Britain) by specialized marketing and PR agencies on an ad hoc basis, although, increasingly, political parties and multinational corporations are conducting their political marketing activity in-house. In America, political consultants are more specialized, undertaking work in such areas as polling, petition management, fundraising, strategy, media buying, advertising, public affairs, grassroots lobbying, law, donor list maintenance, online campaigning, and campaign software consulting. More recently, the internet has become a particularly important tool in generating campaign finance and grassroots support. The internet looks set to become the future battleground of political campaigning in elections around the world (see Market Insight 16.4).

As with the use of marketing for social campaigning, marketing's input to politics strikes concern into many who think that politics should not adopt techniques associated with increasing commercial profitability. Some have recently argued that marketing played a strong role in bringing about revolution against Soviet-allied governments in Serbia, Georgia, and the Ukraine, where American political consultants were advising opposition parties, which deployed 'revolutionary symbols and slogans' to encourage activists to take to the streets (Sussman and Krader, 2008). Given marketing's ability to influence the general public, the question does arise as to what is and is not a legitimate use of marketing in the political sphere.

Market Insight 16.4

Obama and the Rise of the Netizens

The 2008 US Presidential Election was arguably an election like no other, being the longest, most expensive contest in living memory. Bringing in the first African-American President in US history brought new hope in America and the rest of the world, particularly after eight years of the Republican, George W. Bush, who had become deeply unpopular due to foreign policy hitches in Iraq and Afghanistan. Barack Obama, an inexperienced senator

Market Insight 16.4 (continued)

Obama nets the crowds, in the 2008 US Presidential Election

from Illinois, was elected President of the United States of America with 365 electoral college votes (52.9% of popular votes) to the Republican challenger John McCain's 173 electorate college votes (45.7% of the popular vote).

You might ask: how much does it cost to become President of the United States of America? Barack Obama's campaign raised $246.1m to get him elected as the democratic nominee for President alone during the primaries between 1 January and 30 June 2008. Separately, he raised $453.9m up to 31 August for his Presidential campaign. In total, Obama raised around $744.9m by 31 December 2008 to ensure his path into the Oval Office in the White House. But the 2008 Presidential elections were different for another reason; in this election, the main candidates' campaign committees substantially invested in social networking strategies as a means to both increase voter support and increase online fundraising. Obama's team, which included Facebook founder Chris Hughes, developed MyBarackObama.com, a social networking site, to target voters, and to organize its get-out-the-vote effort allowing members to meet, attend, and organize local meetings and events. More than 1m online members had been recruited by August 2008, organizing nearly 75,000 events offline. The viral marketing undertaken by Obama's team was a particular strength, with the campaign uploading 104,454 videos, viewed 889m times, according to Rajeev Kadam CEO of divinity Metrics. The 'Yes We Can' video by will.i.am and MoveOn.org's CNNBC video drew views of over 13m and over 20m respectively. With unprecedented numbers of young people voting in the 2008 election compared with 2004, particularly after a strong voter registration campaign by Rock the Vote and other

▶ Market Insight 16.4

voter registration campaigns, future elections look set to be fought and won on the internet as parties vie for the support of internet citizens (netizens).

Sources: Aun (2008); Corrado and Corbett (2009): 135; Faucheux (2009: 57); FEC (2009); Fenn (2009); Germany (2009); Johnson (2009: 1).

1 **Why do you think the internet has become so important in US political campaigning?**

2 **How important is the internet in election campaigns in other countries, for example, in Europe, in Asia, in Africa?**

3 **Do you think social networking is here to stay or is it simply a passing fad?**

Under certain circumstances, it is possible to influence the political environment, and therefore the political agenda (see Chapter 2), in favour of an organization's strategy. Charities and not-for-profit organizations frequently focus on campaigning to change legislation or government policy agendas **lobbying**. Such campaigns often use stunts to obtain media publicity to influence public opinion, and, in turn, influence parliamentary opinion in the countries concerned. For example, Greenpeace the global environmental organization has long campaigned against nuclear policy in many countries around the world. It is probably best known in this regard for staging a protest against France's nuclear testing in the Pacific in 1985, when its ship, the Rainbow Warrior was bombed in Auckland Harbour, New Zealand, by French secret service agents (BBC, 2006).

In Britain, the **pressure group** Fathers for Justice has frequently courted media publicity in an attempt to change the law over a father's right to gain access to his children after divorce proceedings (which in Britain have tended to award custody to the mother). The strategy of the group was to effect social change by changing the nature of (child) custody arrangements, and it became infamous for a series of political stunts, which included trying to flour-bomb Tony Blair in the British House of Commons, and staging a protest at Buckingham Palace when one of its operatives scaled the wall and attached himself to a balcony while wearing a batman costume. On another occasion, Fathers for Justice campaigners scaled the walls of the house of Women's Minister Harriet Harman.

We can see from the above examples that publicity is important in pressure group campaigning. Typically, pressure groups try to advance policy change despite government opposition. The publicity, therefore, serves to highlight the cause and to bring supporters from the general public who can then volunteer their time or provide donations, in the same way that they would do with a charity. Marketing activity more generally has a strong role to play in this regard (as we can see from Market Insight 16.5).

Market Insight 16.5

Amnesty Campaigns for Gitmo Closure

Amnesty International (AI) began in 1961 when a British lawyer called Peter Benenson wrote an article in *The Observer* calling for people to speak up for the rights of prisoners who were physically restrained from speaking up for themselves. What was surprising at the time was that so many of these so-called prisoners of conscience were held in the West. Over the years, AI has worked tirelessly to protect human rights in all corners of the world. It encourages its members to write letters and send emails to parliamentarians, to sign petitions, write blogs, and so on.

On 11 September 2001, after the attacks by Al Qaeda suicide bombers using four aeroplanes on the World Trade Center and the Pentagon, causing the deaths of around 2,981 people, US forces picked up hundreds of suspected terrorists in Pakistan and Afghanistan who were secretly taken to Guantanamo Bay, a US maximum security stockade based in Cuba.

In order to campaign for their release or for formal charges to be brought against these prisoners in independent courts, AI organized a series of protests around the world in Dublin, Belfast, Washington DC, London, Madrid, Copenhagen, and Istanbul, with protesters wearing orange 'Gitmo' jumpsuits and white facemasks to gain press attention. As part of AI's Irish campaign, 35 TDs (parliamentarians from the Irish parliament) and 33 Stormont Assembly members (from Northern Ireland) signed the petition for Guantanamo to be closed down.

President Obama agreed to shut down Guantanamo as soon as he took office and AI's campaign has shifted to calling for the immediate release of prisoners or a fair and independent trial on the US mainland. In addition, they demand a full and independent enquiry into torture both in the USA and in the UK. In the meantime, the US administration is trying to work out what to do with the remaining suspects it still holds. Should it prosecute them in a US court (where secret intelligence obtained through interrogation would be inadmissible as evidence), should it try to send the detainees back to their home countries even though many of these have refused to take their citizens back), set up a special terrorism court, or find some other course of action?

Sources: www.amnesty.org.uk; Cochrane (2008); MacCormaic (2008); National Commission on Terrorist Attacks Upon the United States (2004).

1. **How effective do you think the letter-writing campaign was in achieving the shutdown of Guantanamo?**
2. **What do you think the key aim was of organizing the protests in different cities around the world?**
3. **What other social marketing methods could Amnesty International have used?**

Fundraising

An important role for marketing in charitable organizations is the generation of funds from donors and donor organizations. Whereas commercial organizations are typically funded by their customers (and invested in by shareholders), charitable organizations may generate funds from a variety of sources including government departments, non-governmental organizations (NGOs), foundations (e.g. The Bill and Melinda Gates Foundation), and international agencies (e.g. the UN, WHO, World Bank), in addition to individual donors and customers. In some countries, e.g. China, there may be restrictions on whether or not

international charitable organizations can solicit funds from the general public. The marketing role in such countries is then used more to generate supporters and volunteers rather than for fundraising. In most countries, marketing has a key role to play in generating awareness of the need for funding, to stimulate giving, and in profiling supporters (Mindak and Bybee, 1971). Marketing's role in fundraising is important. Common techniques used to solicit funds include the following promotional approaches:

- Door drops—where unaddressed mail is posted to an address often within specific targeted locations.
- Press/magazine inserts—where details of the charity and its appeal are printed as a looseleaf insert in a particular publication.
- Direct mail—targeted, addressed mail delivered to an address either online or offline.
- Direct response TV (DRTV)—where advertisements for specific charities encourage viewers to make donations online or by ringing specific telephone numbers.
- Face-to-face donor recruitment—where volunteers attend shopping malls or other areas of high potential donor footfall and solicit donations directly, usually for frequent giving through direct debit schemes (i.e. automatic monthly cash transfers from one's bank account).
- Face-to-face donation solicitation—where volunteers attend shopping malls, as above, but with the aim of obtaining cash donations, often by rattling their donation tins.
- Corporate donations—where a company makes a donation to a particular cause, although some companies donate a fixed proportion of their income (e.g. Ben and Jerry's, the American ice cream company, or Innocent, the British smoothie maker), sometimes to their own foundations, which they set up specifically to deal with associated good causes.
- Major gifts—these are typically solicited from wealthy philanthropists, sometimes given as a legacy (i.e. when the philanthropist dies they make a sizeable gift in their will to a particular charitable organization or social enterprise).

go online

Visit the **Online Resource Centre** and complete Internet Activity 16.1 to learn more about how the internet is improving the effectiveness and efficiency of fundraising activities for charitable organizations.

Many charities work on the principle that donors increase in loyalty over a period of time and shift from being non-supporters to infrequent donors. Infrequent donors are then more likely to shift to becoming more regular donors, a proportion then move onto giving major gifts, and finally an even smaller proportion of donors leave legacies in their wills to enable charities to inherit their financial resources. Figure 16.3 shows how as donors increase in loyalty, and therefore giving, the proportion of each group drops in size.

Most charitable organizations and social enterprises recognize that some marketing techniques are more effective than others in raising income. Of the methods outlined above, direct marketing methods tend to be a relatively ineffective and expensive approach to fundraising compared with major gift, trust, and corporate donation solicitation, although charities have been successfully using face-to-face donor recruitment tactics widely in the last ten years or so (Sargeant, Jay, and Lee, 2006). Roughly half of the UK population donate to charity, donating on average £31 per year per person, although the average hides a much lower median donation (i.e. most common amount) of £10 per person (CAF/NCVO, 2009).

Figure 16.3
The fundraising loyalty ladder

Unfortunately, in the UK, charities tend not to present performance metrics such as market share (i.e. in relation to competition for donations), donor loyalty, retention, and satisfaction to top management, which indicates that marketing is still not used to its full potential in many not-for-profit organizations (Bennett, 2007).

Given the importance of corporate donations, it is interested to note that the top ten corporate givers in Britain in 2007, according to the Directory for Social Change, were mainly banks, demonstrating their commitment to their local communities (see Table 16.3). Interestingly, this list of companies has changed substantially since 1999, when the top ten corporate givers

Table 16.3 Top ten corporate givers in the UK

Rank	Company	Total community contributions (2007/08)	% pre-tax profit	Region
1	Tesco plc	£77,198,086	2.75	Worldwide
2	The Royal Bank of Scotland Group plc	£57,700,000	0.56	Worldwide
3	Barclays PLC	£38,932,000	0.55	UK
4	Lloyds Banking Group plc	£37,463,000	0.94	UK
5	AstraZeneca PLC	£35,000,000[a]	0.88	Worldwide
6	BT Group plc	£22,300,000	1.13	Worldwide
7	HBOS plc	£18,610.660	0.34	UK
8	HSBC Holdings plc	£18,400,000	0.15	UK
9	Allen & Overy LLP	£16,600,000	3.71	Worldwide
10	WPP Group plc	£16,300,000	2.27	Worldwide

[a]The figure for AstraZeneca does not include £259m of product donations valued at wholesale prices

Source: Directory of Social Change, www.dsc.org.uk. Reproduced with kind permission © DSC.

included Diageo, the drink and food conglomerate; Reuters Group, the information and news company; Marks and Spencer, the clothing and food retailer; BAT, the tobacco company; Cable and Wireless, the telco; and Rio Tinto, the mining group. It is likely that the recession of the late 2000s will have affected corporate giving overall and particularly corporate giving among banks in the UK.

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Claire Lawlor, Oxfam Unwrapped Category Manager, Oxfam

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Chapter Summary

To consolidate your learning, the key points from this chapter are summarized below:

- **Describe the key characteristics of not-for-profit organizations.**

  Not-for-profit organizations are differentiated from their commercial counterparts in numerous ways. Not-for-profit organizations tend to have multiple stakeholders, and, because there are no shareholders, any profit earned is often reinvested in the organization. Because not-for-profit organizations do not distribute funds to shareholders, and are either social enterprises, public sector organizations, or charities, there is a need for transparency in determining how these organizations operate as they are claiming to act in the common good. Accordingly, they have multiple objectives, rather than a simple profit motivation. They have historically not been strongly market-oriented, but this is changing as not-for-profit organizations become more experienced in marketing. Customers' perceptions of the not-for-profit organization differ from their commercial counterparts because the not-for-profit typically has a unique mission and set of values and a non-financial organizational purpose.

- **Explain why not-for-profit organizations do not always value their customers.**

  Not-for-profit organizations frequently do not value their beneficiary customers because they exist in a monopolistic situation, demand far outstrips supply, a lack of market segmentation activity exists, and research into customer needs is not seen as a priority for expenditure and investment. Not-for-profit organizations frequently also undervalue supporter customers because they typically approach them to solicit funds too often and do not sufficiently appreciate them when they do give. Volunteer service workers who generously give of their time can often feel undervalued. Because not-for-profit organizations have multiple stakeholders, there can be problems caused between these groups, which need resolution, but which can often lead to customers feeling undervalued as those tensions are resolved.

- **Analyse stakeholders and develop appropriate engagement strategies.**

  A common way of analysing stakeholders is by mapping them on a power/interest matrix to identify four types of stakeholder, based on the level of interest they display to an organization and the level of

power they exert. Those with high levels of interest and power, group A, are key stakeholders in need of continuous engagement. Those with high interest but low levels of power, group B, should be informed about the organization's activities to maintain their interest. Group C represents those organizations with high power but low interest. Here, it is important to either increase information flow to these organizations to increase their interest so that they can exert their power in the not-for-profit's favour, or alternatively keep them satisfied if they intend to exert their power against the not-for-profit. Finally, an organization's relationships with those stakeholders who have little power or interest, Group D, should either be disregarded or revived.

- **Describe and assess cause-related marketing campaigns.**

  A cause-related marketing campaign occurs when companies and non-profit organizations form marketing alliances. Often, these marketing campaigns are focused on sales promotions developed for mutual benefit where the purchase of a commercial product/service is linked to donations to a charitable third-party organization. Such campaigns tend to work best where there is a strong strategic fit between the commercial organization and the not-for-profit organization, particularly in relation to audiences targeted, and when the campaign runs over the longer term.

- **Understand how marketing can be, and is, used to achieve social and political change in society.**

  It is only in the last 50 years that we have embraced the use of marketing for social and political causes. Marketing is now commonly used in government information campaigns to drive positive behavioural change and improve citizens' well-being; however, there is some question as to whether or not government should have this role and over the ethics of using marketing in social and political campaigning at all. The use of marketing techniques in election campaigns has a longer pedigree and is now very common in most democracies around the world. In this scenario, marketing is used to understand the electorate's wants/needs and then to provide them with a set of party policies and leaders, which suits those needs. In addition to the use of marketing by government to influence society, and by political parties to gain support and votes, marketing is often used by third-party organizations (e.g. pressure groups) to drive legislative change in lobbying campaigns designed to achieve grassroots support among the general public, particularly by courting publicity and the media's support more generally.

- **Explain how marketing is used to raise funds for charitable organizations.**

  Funds can be raised from donors using a variety of techniques including: door drops, where unaddressed mail is posted to addresses in targeted locations; press/magazine inserts; direct mail, online or offline; direct response TV (DRTV) advertisements encouraging viewers to make donations online or by ringing specific telephone numbers; face-to-face donor recruitment; face-to-face donation solicitation; corporate donations; and major gifts. Of all of these methods, corporate donations and major gifts (from individuals or trusts) tend to bring in the most funding.

Review Questions

1. **What key differences exist in marketing communications for not-for-profit versus for-profit organizations?**
2. **Can you name the main types of not-for-profit organization reviewed?**
3. **What are the key characteristics of not-for-profit organizations?**
4. **Why do not-for-profit organizations sometimes not value their beneficiaries?**
5. **Why do not-for-profit organizations sometimes not value their donors?**
6. **What axes are used on a stakeholder analysis matrix?**
7. **How is marketing used to raise funds for charitable organizations?**

8 **What is cause-related marketing?**
9 **How do we assess cause-related marketing programmes?**
10 **What is the difference between social marketing and social propaganda?**
11 **How is marketing used in political campaigning?**

Worksheet Summary

Visit the **Online Resource Centre** and complete Worksheet 16.1. This will help you learn about some of the unique challenges that are faced by not-for-profit organizations when deciding which stakeholders they should engage, maintain interest, inform or satisfy, or revive or disregard.

Discussion Questions

1 **Having read Case Insight 16.1 on Oxfam, how would you use marketing and PR techniques in future campaigns to:**
   - A Further improve the positive brand associations people have of Oxfam and its mission?
   - B Recruit more supporters to the charity, particularly those who give on a monthly basis by direct debit?
   - C Raise awareness of how Oxfam is distributing funding to its supporters?

2 **Working in small groups, select three different not-for-profit organizations and consider the following:**
   - A How do their 'products' differ from each other?
   - B What is the nature of price in each case?
   - C What is the nature of customer involvement for each product?
   - D How can the audiences for these 'products' be segmented, if at all?

3 **Read the section on stakeholder mapping and draw up maps for the following organizations:**
   - A An international medical charity undertaking work to alleviate the suffering of people living with HIV/AIDS in sub-Saharan Africa.
   - B The US Republican Party, as it develops its campaign plan for the 2012 presidential election.
   - C A government department developing a campaign to increase citizens' consumption of fruit and vegetables.
   - D The UK social enterprise, *The Big Issue* magazine company.

4 **Discuss reasons why charitable organizations should, or should not, communicate with donors on details of what the charity has achieved with their donations.**

5 **Visit the marketing sections of websites for the following organizations for ideas on how they engage with their audiences:**
   - A The police service in the country in which you were born.
   - B The largest charity in Europe (hint: Google this first).
   - C The European Parliament.
   - D A social enterprise with which you are familiar (if you are not, visit the website of Prince Charles' company, Duchy Originals).

go online

Visit the Online Resource Centre and complete the Multiple Choice Questions to assess your knowledge of Chapter 16.

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